

- (2) That it enables necessities such as clothing, footwear, &c., to be purchased at cash prices :
- (3) That it assists retailers because it brings additional trade :
- (4) That it saves a shopkeeper any anxiety as to payment of his account :
- (5) That it saves the retailer booking-costs, costs of collection of debts, and keeps down advertising-expenses (the cash-order firms, as expert credit-raters, judge and take the risk of all orders issued) :
- (6) That it is a form of credit superior to the open credit system, the system of hire-purchase and time-payment selling, &c.

The whole problem of the cash-order trading was summarized by an Auckland group of witnesses in favour of the system as follows :—

It provides—

- (1) Facilities for purchasing goods at lowest cash prices from retailers whose commercial integrity is beyond question :
- (2) A credit instalment account whereby its patrons are enabled to purchase requirements at times most disadvantageous to themselves :
- (3) It increases the purchasing-power of the public, and thereby increasing sales it must of necessity increase production, and thus tend to relieve unemployment and lower the cost of living.

9. Case against the Cash-order System.—The principal evidence tendered emanated from the New Zealand Federation of Drapers, Clothiers, and Boot-retailers. A full statement setting out the views of the Federation (with certain confidential evidence expunged) is attached to this report (Appendix B). Summarized, the objections may be stated as follows :—

- (1) The system is opposed to sound business principles, and is not legitimate trade.
- (2) It is quite as unfair as the trading-stamp system, which was made illegal many years ago.
- (3) The system adds considerably to selling-prices of goods, and therefore materially increases the cost of living.
- (4) The system encourages overbuying and debt, and is opposed to cash buying and thrift.
- (5) The system is bringing into the field of distribution a third party who makes large profits at the expense of legitimate traders and the general public.
- (6) It is a money-lending system, and the rates charged for interest are exorbitant.
- (7) The system has spread so rapidly that it should be checked at once, otherwise it will obtain a stranglehold on New Zealand trade, as it has done in parts of Australia, Great Britain, and America.
- (8) The expense of conducting a soft-goods trade will not bear the extra payment of a 12½ per cent. discount without increasing general prices.
- (9) The system encourages dishonesty in business in that many retailers advance prices surreptitiously to the buyers holding cash orders.
- (10) The system discriminates most unfairly against the thrifty buyer who pays cash, no differentiation being made in his favour as against the person who obtains credit and pays by instalments through the cash-order system.
- (11) It is building up a class of undesirable middlemen who live as parasites on the traders to exploit the public.

10. General Evidence for and against Cash Orders.—In addition to the evidence obtained from parties directly interested in the system we received representations from the Associated Chambers of Commerce, which at its last annual meeting, held in Wellington in October, 1928, passed the following resolution: “That this Conference is of opinion that the cash-order system is inimical to the interests of the community, and that legislation should be brought down immediately to prohibit the same.”

In conveying this resolution the secretary of the Associated Chambers added: “The opinion of the Conference as expressed in the resolution indicates a strong feeling held by the majority of business men against the system, and any steps that may be taken to curtail, if not entirely eliminate, the system will be heartily supported by the various Chambers of Commerce.”

The Dominion Secretary of the New Zealand Farmers' Union wrote on the 18th February last as follows: “The New Zealand Farmers' Union is unanimous in its opposition to the cash-order trading system. I asked the various provincial executives of this union to express an opinion, and they were all against it.”

The Auckland Branch of the National Council of Women, representing approximately eight thousand members, tendered evidence through the president and a member of the executive that the Council and all their members were practically unanimously opposed, and considered that the